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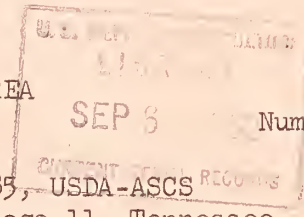
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Volume 6

MILK MARKET INFORMATION  
CHATTANOOGA, TENNESSEE, MARKETING AREA  
July 1962



Released Pursuant to \$1090.27 (j) and \$1090.85, USDA-ASCS  
Federal Order No. 90, 5916 Brainerd Road, Chattanooga 11, Tennessee  
J. B. McCroskey, Market Administrator

ORDER AMENDED

The federal order regulating the handling of milk in the Chattanooga marketing area was amended effective August 1, 1962. The amendment provides for a new basic formula price to be used in determining the price for Class I milk and quoting the uniform and class prices at 3.5 percent butterfat test. The new basic formula price is the quotation for manufacturing milk in the states of Minnesota and Wisconsin and represents the average price paid for about one-half of such milk in the United States. The Minnesota-Wisconsin quotation will better reflect the basic value of milk than the four alternative formulas previously used. Changing the price quotation to a common 3.5% butterfat content makes for easier alignment and comparison of milk prices throughout the states and has no effect on the price at actual test since there was no change in the butterfat differential used to adjust the quoted prices to the price of milk at various tests.

CHATTANOOGA PRODUCERS WILL BEGIN FORMING  
NEW BASES SEPTEMBER 1, 1962

Producers supplying milk to handlers regulated by the Chattanooga order will begin forming new bases September 1, 1962. The BASE-FORMING PERIOD IS SEPTEMBER 1962 THROUGH JANUARY 1963. According to the base rules of the Chattanooga order, each producer delivering milk during the base-forming period will have a base computed as follows: Divide the total deliveries made by each producer during the base-forming period (September 1962 through January 1963) by the number of DAYS FOR WHICH DELIVERY IS MADE OR BY 120, WHICHEVER IS GREATER. After the base-forming period, the Market Administrator's Office will announce bases to each producer who delivered milk to Chattanooga handlers during September 1962 through January 1963. These bases will be used during the 1963 base-operating period of March through July 1963. Producers should take precaution to see that their milk deliveries are credited to their name in the way they wish bases to be computed and credited. Failure to do this may result in unnecessary confusion and producers not receiving their full base credit.

MARKET SUMMARY JULY 1962

The Chattanooga Order MINIMUM uniform producer prices per cwt. f.o.b. pool plants for milk testing 4.0% are: Base Milk \$4.55, Excess Milk \$2.95. The butterfat differential is 7.2 cents for each one-tenth of one percent above or below 4.0%.

During July 69.4% of the total producer milk was priced in Class I at \$5.03 per cwt. with a butterfat differential of 7.5 cents and 30.6% was priced in Class II at \$2.99 per cwt. with a butterfat differential of 6.7 cents. The percent of producer skim and butterfat priced in Class I was 69.8% and 60.1% respectively. Base milk was 88.5% and excess milk was 11.5% of the total producer deliveries. All excess milk and 21.6% of base milk was priced in Class II and 78.4% of base milk was priced in Class I.

The daily average deliveries of producer milk during July decreased 1.1% compared with June and increased 9.8% compared with July 1961. The daily average use of Class I milk decreased 4.7% compared with June and increased 5.3% compared with July 1961. The daily average base delivered was 88.7% of the established base.

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	<u>July '62</u>	<u>June '62</u>	<u>July '61</u>
Number of Plants (Pool and Non-Pool)	14	14	16
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>			
Producer Deliveries	480,881	486,055	437,762
% July '62 compared with:	100.0	98.9	109.8
Other Source	14,532	12,010	9,139
Other Order	11,102	12,144	20,227
Total Milk Receipts	506,515	510,209	467,128
% July '62 compared with:	100.0	99.3	108.4
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>			
Class I Uses:			
Fluid Milk	272,983	287,296	260,122
Fluid Skim	12,788	14,512	11,099
Buttermilk	36,882	40,073	37,064
Chocolate Milk	9,958	9,037	7,929
Fluid Creams (Sweet & Sour)	2,407	2,564	2,416
Bulk to Non-Handlers	2,389	869	86
Shrinkage Class I	423	1,423	2,660
Other	(38)	(1,463)	(490)
Total Class I Milk	337,792	354,311	320,886
% July '62 compared with:	100.0	95.3	105.3
Class II Uses:			
Butter	3,390	951	5,230
Cottage Cheese	18,610	18,735	14,718
Powdered and Condensed Milk	86,165	82,394	80,819
Ice Cream	42,199	49,679	30,452
Stockfeed	4,267	4,363	3,822
Shrinkage Class II	8,070	6,852	6,935
Other	6,022	(7,076)	4,266
Total Class II Milk	168,723	155,898	146,242
% July '62 compared with:	100.0	108.2	115.4
Gross Class I Butterfat Pounds	11,775	12,218	11,215
Gross Class II Butterfat Pounds	8,241	7,976	7,682
Total Butterfat Pounds	20,016	20,194	18,897
% Producer Milk of Gross Class I	142.4	137.2	136.4
% Producer Milk priced in Class I	69.4	72.0	72.3

AUGUST 1962 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	<u>Aug. '62</u>	<u>July '62</u>	<u>Aug. '61</u>
Basic Formula	\$3.03	\$3.005	\$3.215
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	(0.18)	(0.10)	(0.16)
Class I Price, 3.5% Butterfat	\$4.60	\$4.655	\$4.805
Class I Price, 4.0% Butterfat	\$4.975	\$5.03	\$5.20
Per \$ 1090.51 (a)			
Supply-Demand Comparison: 1st and 2nd preceding months: June and July			
Supply: Lbs. Producer Milk (June 14,581,638 and July 14,907,325)			29,488,963
Demand: Lbs. Net Class I Milk (June 10,545,348 and July 10,347,096)			20,892,444
Utilization Percentage: Producer milk divided by Class I			141
Standard Utilization Percentage: Range 128-132			132
Net Deviation Percentage: Utilization minus Standard Utilization			plus 9
Supply-Demand Adjustment: 2 cents x 9 percentage points			minus \$0.18

Since the supply in relation to the demand is more than the desired standard, the price is decreased 18 cents per hundredweight (2 cents x 9 percentage points).



COMPUTATION OF UNIFORM PRODUCER PRICES FOR JULY 1962  
Based on 14 plant reports prior to audit

	Class %	Milk Pounds	Butterfat Test-%	Cwt.Price @ Test	Value
Gross Class I		10,471,538	3.486		
Less Other Source		125,622	2.045		
Producer Milk Class I	69.4	10,345,916	3.503421	\$4.657566	\$481,867.87
Gross Class II		5,230,435	4.884		
Less Other Source		669,026	2.147		
Producer Milk Class II	30.6	4,561,409	5.285998	3.851619	175,688.10
TOTAL PROD. (Cl. I + Cl. II)	100.0	14,907,325	4.048862		657,555.97
Add Fractional Adjustment					.02
Add Compensatory Payment Value					26.38
Add Overage Value					98.95
Add Inventory Reclassification Value					20.30
Add $\frac{1}{2}$ Prod.-Settlement Fund Reserve					5,220.89
TOTAL VALUE AT TEST		14,907,325	4.048862		662,922.51
Less Test Over 4% @ 7.2¢ per point		14,907,325	.048862	0.035181	5,244.55
TOTAL PRODUCER MILK VALUE AT 4% TEST		14,907,325	4.0		657,677.96
		Pounds	Price 4%	Amount	
Excess Producer Milk - Class I		-	-	-	
Excess Producer Milk - Class II		1,708,368	\$2.99	\$51,080.21	
Total Excess Producer Milk		1,708,368	2.99	51,080.21	
Less Prod.-Settlement Fund Res. @ 4¢		1,708,368	.04		683.35
UNIFORM EXCESS PRICE f.o.b. PLANT - 4%		1,708,368	2.95		50,396.86
Value of Base Milk (Total less Excess)		13,198,957	4.595801		606,597.75
Less Producer-Settlement Fund Reserve		13,198,957	.045801		6,045.25
UNIFORM BASE PRICE f.o.b. PLANT - 4%		13,198,957	\$4.55		\$600,552.50

JULY 1962 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)  
BUTTERFAT DIFFERENTIAL 7.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST %	PRICES		TEST %	PRICES		TEST %	PRICES	
	BASE	EXCESS		BASE	EXCESS		BASE	EXCESS
3.0%	\$3.83	\$2.23	4.0%	\$4.55	\$2.95	5.0%	\$5.27	\$3.67
3.05	3.866	2.266	4.05	4.586	2.986	5.05	5.306	3.706
3.1	3.902	2.302	4.1	4.622	3.022	5.1	5.342	3.742
3.15	3.938	2.338	4.15	4.658	3.058	5.15	5.378	3.778
3.2	3.974	2.374	4.2	4.694	3.094	5.2	5.414	3.814
3.25	4.01	2.41	4.25	4.73	3.13	5.25	5.45	3.85
3.3	4.046	2.446	4.3	4.766	3.166	5.3	5.486	3.886
3.35	4.082	2.482	4.35	4.802	3.202	5.35	5.522	3.922
3.4	4.118	2.518	4.4	4.838	3.238	5.4	5.558	3.958
3.45	4.154	2.554	4.45	4.874	3.274	5.45	5.594	3.994
3.5	4.19	2.59	4.5	4.91	3.31	5.5	5.63	4.03
3.55	4.226	2.626	4.55	4.946	3.346	5.55	5.666	4.066
3.6	4.262	2.662	4.6	4.982	3.382	5.6	5.702	4.102
3.65	4.298	2.698	4.65	5.018	3.418	5.65	5.738	4.138
3.7	4.334	2.734	4.7	5.054	3.454	5.7	5.774	4.174
3.75	4.37	2.77	4.75	5.09	3.49	5.75	5.81	4.21
3.8	4.406	2.806	4.8	5.126	3.526	5.8	5.846	4.246
3.85	4.442	2.842	4.85	5.162	3.562	5.85	5.882	4.282
3.9	4.478	2.878	4.9	5.198	3.598	5.9	5.918	4.318
3.95	4.514	2.914	4.95	5.234	3.634	5.95	5.954	4.354

MILK SAMPLES TESTED - Producer Fresh Samples 5,781 - Handler Finished Products 214.

## CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES <sup>1/</sup>				HANDLER CLASS PRICES <sup>1/</sup>			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
July '61	\$4.20 <sup>2/</sup>	\$4.38	\$2.68	7.6¢	\$4.805	7.9¢	\$2.75	7.0¢
Aug.	4.17	-	-	7.6	4.805	7.9	2.75	7.0
Sept.	4.29	-	-	7.6	4.605	7.9	3.30	7.0
Oct.	4.23	-	-	7.6	4.645	7.9	3.30	7.0
Nov.	4.36	-	-	7.6	4.745	7.9	3.30	7.0
Dec.	4.28	-	-	7.6	4.705	7.9	3.30	7.0
Jan. '62	4.36	-	-	7.6	4.765	7.9	3.30	7.0
Feb.	4.23	-	-	7.6	4.765	7.9	2.77	7.0
Mar.	4.25 <sup>2/</sup>	4.39	2.61	7.6	4.785	7.9	2.68	7.0
Apr.	4.03 <sup>2/</sup>	4.25	2.59	7.4	4.845	7.9	2.665	6.7
May	3.93 <sup>2/</sup>	4.12	2.60	7.2	4.575	7.5	2.665	6.7
June	4.00 <sup>2/</sup>	4.16	2.60	7.2	4.535	7.5	2.665	6.7
July	4.01 <sup>2/</sup>	4.19	2.59	7.2	4.655	7.5	2.655	6.7
Aug.	-	-	-	-	4.60	7.5	-	-

## PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	ALTERNATIVE FORMULAS		PRICE QUOTATIONS		BASIC FORMULA
	Class II \$-cwt-3.5%		Chi. Area	Chi. 92°	Minn.-Wisc.
	4 Tenn.	Butter	Powders	Butter	Mfg. Grade Milk <sup>4/</sup>
	Milk Mfg.	Powder	¢ Lb.	¢ Lb.	\$-cwt-3.5%
July '61	2.75	3.26	14.865	60.466	-
Aug.	2.75	3.30	15.120	60.466	-
Sept.	2.75	3.30	15.105	60.466	-
Oct.	2.79	3.30	15.125	60.466	-
Nov.	2.80	3.30	15.070	60.466	-
Dec.	2.80	3.30	15.275	60.466	-
Jan. '62	2.80	3.30	15.260	60.466	-
Feb.	2.77	3.30	15.200	60.466	-
Mar.	2.68	3.30	15.060	60.466	-
Apr.	2.665	3.125	14.125	57.957	-
May	2.665	3.085	13.530	57.966	-
June	2.665	3.045	13.330	57.940	-
July	2.655	3.045	13.370	57.960	3.03

## SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK <sup>3/</sup>			PRODUCER DATA <sup>3/</sup>				Deliveries Per			Prod.
	No.	Total	Class I	Class I	Total	Base	No.	Farm----Pounds			Milk
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	Test%
July '61	16	467,128	320,886	316,645	437,762	391,235	674	649	580	69	4.11
Aug.	16	482,211	331,130	326,695	455,739	-	683	667	-	-	4.10
Sept.	16	510,882	392,792	387,850	490,621	-	684	717	-	-	4.10
Oct.	16	496,512	359,804	355,333	484,049	-	685	707	-	-	4.33
Nov.	16	485,350	367,830	363,038	472,375	-	686	689	-	-	4.39
Dec.	16	494,324	351,891	347,812	476,639	-	685	696	-	-	4.41
Jan. '62	16	486,624	364,433	359,869	473,586	-	685	691	-	-	4.40
Feb.	15	502,714	370,556	365,746	487,973	-	683	714	-	-	4.23
Mar.	15	505,938	379,758	374,849	491,393	453,152	681	722	665	57	4.22
Apr.	14	558,890	352,978	348,742	536,273	465,332	680	689	684	105	4.13
May	14	546,516	356,718	352,318	522,954	459,802	678	771	678	93	4.03
June	14	510,209	354,311	350,096	486,055	437,117	678	717	645	72	4.05
July	14	506,515	337,792	333,739	480,881	425,773	677	710	629	81	4.05

<sup>1/</sup> Excludes Premiums<sup>2/</sup> For statistics only<sup>3/</sup> Other Source is Gross minus Producer; Class II is Receipts minus Class I<sup>4/</sup> Effective with Order Amendment August 1962.